

Defense Management Challenges in the Post-Bush Era

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Defense leaders in the coming decade will inherit three categories of daunting challenges.

The first category, of course, includes ongoing operations in Iraq, Afghanistan, and the Balkans, and against Islamist extremism, none of which are going to end entirely anytime soon. To these must be added the threats from North Korea's and Iran's runaway nuclear programs, which have burgeoned in the first decade of the twenty-first century. And then there will be the still-unpredictable but near-certain crises that will arise in Africa, the Middle East, or elsewhere.

Second, these immediate challenges will need to be met against the sad necessity to restore or "reset" some of the traditional sources of American influence and effectiveness in the world. The project to restore the U.S. position to its rightful place will take years, but a new administration will need to begin it immediately. We will need to reset our global leadership by repairing alliances and security partnerships that in some cases have become badly frayed. We will need to reset our reputation, in the eyes of much of the world, for thoughtful deliberation in how we choose our strategic intentions and—even more worryingly—our reputation for simple competence in executing them. Both of these have been called into question in connection with Iraq. We will need to reset civil-military relations, which have become strained in the minds of many, most especially military leaders both senior and junior. In some quarters we will even need to restore our honor, which has been seen to be compromised by excesses such as Abu Ghraib, Guantánamo, and waterboarding. These are huge challenges, and it will take time to meet them. But I'm confident that we will.

But a third category of challenges for the next administration's national security leadership, less discussed but equally demanding, concerns the management of investment in the future—budgets, programs, and the strategy-resources match, or mismatch. This third category is the topic of my remarks today.

The strategy-resources mismatch is of concern because of several factors that will impinge upon the defense program, quickly and severely, early in the term of the next president:

- A likely leveling of the Defense top line. The American people will certainly not be demanding a "peace dividend," because they will realize there is no peace at hand. But neither is there likely to be a continuation of the rapid upward trend that has put DoD total obligational authority (TOA) 60 percent higher today (even excluding supplemental funding) than on 9/11.

- The very real possibility that supplemental funding (now a third of Defense spending) will be cut faster than the actual commitment in Iraq can be safely curtailed. This will mean that activities and some new and innovative programs now funded in the supplementals will be forced to compete with the program of record for survival.
- The related possibility that ground-force reset costs will be higher than currently forecasted.
- A bow wave resulting from a failure to take account of cost growth in weapons systems and defense services, meaning that the actual expenditures needed to fund the forces programmed will probably exceed those budgeted by a wide margin.
- The inexorable encroachment of health care and other personnel and current operating costs on the portion of the Pentagon's budget that invests in future forces—procurement and research, development, test, and evaluation (RDT&E).
- The government's uncertain overall fiscal position, especially in the event of a downturn in the economy—its willingness to tax, borrow, or make cuts elsewhere to fund DoD's needs.
- Growing evidence of the need to improve acquisition practices, program management, and system engineering skills in both government and the defense industry.

Added to these Defense Department issues are wider issues of national security capability and management, where our edge in marshaling all elements of national power is not nearly as sharp as that of our military prowess. An edge of excellence outside of Defense must be created to match the edge our military forces possess. Among the challenges, which will be addressed by Michèle Flournoy later in this workshop, are:

- The continuing need to build a better capacity to protect America and its friends from violent extremism and terrorism, which requires investment outside of the Defense Department as well as within it: in intelligence, law enforcement, homeland security, foreign assistance, and diplomacy.
- The crippling inadequacy of the non-Defense instruments of crisis intervention: civil reconstruction, political stabilization, and interagency coordination and command.
- Frayed alliances and security partnerships and a palpable diminution in U.S. moral authority and ability to persuade, as revealed in extensive and consistent worldwide polling data as well as lack of success in building new coalitions and maintaining long-standing alliances.
- Lack of willingness or capacity in many countries, including important allies, to share the burden with the United States by augmenting and complementing our own efforts.

It is against this background that we must consider defense strategy for the future, which is the guide to investment.

The future is uncertain to be sure. But while there might be talk about “known unknowns” and “unknown unknowns,” five future requirements are in fact pretty well known. They provide a sturdy basis for realistic planning and programming for Defense. The U.S. national security establishment, including especially DoD, will need to be able, in parallel, to (1) conduct irregular stability operations in difficult politico-military circumstances; (2) combat violent extremists, including radical Islamist terrorists; (3) hedge against an unlikely but possible downturn in U.S.-China relations; (4) prevent and protect against weapons of mass destruction (WMD) threats; and (5) continue to overmatch possible adversaries on the conventional battlefield.

Each of these missions requires investment in future defense forces. Each requires, in fact, very different types of investment. Since it is not easy to imagine a future world in which the need for any one of these five missions would disappear entirely, the Pentagon leadership in the post-Bush era must find a way to do them all, spreading available resources over them in a thoughtful investment portfolio.

It is also difficult to imagine having enough forces and dollars to do everything possible to accomplish each of the five missions in the portfolio. There will accordingly be some risk inherent in any investment plan to accomplish this multitasking strategy. The investment plan for Defense must therefore do what planners call “accept risk,” and it must allocate that risk within each of the five mission areas and among the different mission areas.

In recent years, the long-established processes in DoD to manage risk and set budgets have been undermined. The Defense budget has increased by more than half since 9/11 in inflation-adjusted dollars, while huge supplements have been added for Iraq. The result has been good in one way—adequate funding for Defense—but in other ways has been corrosive of the processes and discipline that ensure that strategy and budgets align.

The task of Defense leaders in the post-Bush era will be to explain the portfolio strategy and to win the support of Congress and the American people for the needed investments. The remarks that follow describe the principles that should guide Defense investments in the coming years for each of the five mission areas in the portfolio.

Conducting Irregular Stability Operations in Difficult Politico-military Circumstances

Projected ongoing operations in Iraq (while probably diminishing), Afghanistan, and the Balkans and possible future operations in many locations (the Horn of Africa and Darfur among them) all point in different ways to this broad requirement for Defense in the future. This complex of missions comprises stability operations, postconflict reconstruction, peacekeeping, counterinsurgency, and other related types of mission. There are important distinctions among these concepts, and they need to be applied differently to each situation. But they result in a common Defense requirement—relatively large multipurpose ground forces capable of operating among civilian populations with strong self-protection and minimal

harm to friendly civilians. Outside of Defense, this mission requires better U.S. civilian capabilities and interagency coordination, and outside of the U.S. government it requires international burden sharing.

Much as America would like to leave the field of irregular warfare behind and return to an era of traditional military-versus-military warfare, almost two decades of post-cold war experience show that this complex of missions is here to stay. Defense must invest to keep and build its edge in irregular warfare. This will require a Defense investment effort to:

- Maintain and slightly enlarge the sizes of the Army and Marine Corps, while changing their shapes to emphasize the military specialties that are currently in high demand but low supply.
- Continue to evolve the mission of the Army and Marine reserves from strategic backup for World War III to adding value to active-duty ground forces in this mission area—selectively and, for the citizen-soldiers involved, predictably.
- Launch a comprehensive program of innovation in the technology and tactics of self-protection for U.S. forces compelled to operate with restraint in the midst of civilian populations containing hostile elements, frequently in congested urban settings. Threats such as improvised explosive devices (IEDs), explosively formed projectiles (EFPs), mortars, rocket-propelled grenades (RPGs), and shoulder-fired anti-air missiles are relatively minor factors in conventional force-on-force warfare on the open battlefield, but they can be a major factor in irregular warfare.
- Create a larger capability within Defense for training foreign security forces.
- Enlist the help of allies and partners. There is no reason that the United States should bear the entire burden of irregular warfare operations where they are needed for international security.
- Rebalance national security investment to build civilian capabilities, as noted above.

Combating Violent Extremists, Including Radical Islamist Terrorists

No one can say how long it will take to defeat or contain radical Islamist extremists bent on terrorism. But there are reasons to believe that combating terrorism will be an enduring feature of the national security landscape long after what the Bush administration calls the “Long War” against Islamist extremism is over. The fact is that the destructive power available to even small groups of extremists is growing with the advance of technology. At the same time, society is growing more interdependent and connected and thus more vulnerable to terror—physically and psychologically. These two fundamental trends are visible as far into the future as any of us can see. Whatever the lifetime of Islamist extremism, therefore, it will long remain the business of national security authorities to counter these trends arising from other groups and movements.

But for future investment, this mission points in a largely different direction from stability operations.¹ Within DoD, it emphasizes the capability to respond to catastrophic events at home and abroad—for example, a terrorist nuclear detonation—with troops, logistics, and command and control. It also emphasizes special forces. Outside of DoD, it stresses law enforcement, intelligence, homeland security, foreign assistance, and diplomacy.

Hedging against an Unlikely but Possible Downturn in United States–China Relations

China is undergoing a transformation unprecedented in history in both scale and scope. United States–China relations are overall positive and the two nations have developed a mutual dependency that would make unbridled antagonism or armed conflict a disaster for both. But historical experience suggests that the question remains: will China be friend or foe of the United States twenty or thirty years hence? This question is sometimes wrongly posed as a matter of Chinese leaders’ “true intentions.” But the fact is that no one, including the current Chinese leaders themselves, knows where destiny will take China as a military power. That will be determined by the attitudes of China’s younger generation, the policies of its future leaders, its internal development and stability, and the possibility of unforeseen crises with the United States—for example, over Taiwan. There is no convincing way for Chinese leaders to persuade Americans of their peaceful “intentions” decades in the future. China’s future intentions are not a *secret* they are keeping from us; they are a *mystery* unknown to all.

In this strategic circumstance, the United States has no choice but to have a two-pronged policy.² The most important prong is to *engage* China to encourage it to become a “responsible stakeholder” in the international community. But a second prong is to *hedge* against a downside scenario of competitive or aggressive behavior by China. Successive U.S. administrations have struggled to sustain public support for the needed two-pronged policy—a policy that at first glance can seem self-contradictory. But there is no reason for our policy to *be* self-contradictory. Determination to engage should not get in the way of prudent hedging, but so also excessive hedging should not create a self-fulfilling prophecy whereby treating China as an enemy contributes to making it an enemy. And since today’s Chinese military leaders also cannot know where destiny will carry the relationship, it follows that they, too, probably have a two-pronged strategy. The Chinese will be preparing militarily for the downside scenario, and their hedging will look to the United States like the leading indicator of the very competitive behavior against which the United States is hedging. And so hedging can beget more hedging in a dangerous spiral. Hedging is contagious. The China hedge in our strategy must therefore be a prudent hedge.

For Defense, the China hedge creates an investment requirement very different than either irregular warfare or combating violent extremism does. The China hedge emphasizes advanced maritime and aerospace forces. It also emphasizes focused investments to frustrate Chinese efforts in counterair, countercarrier, counterspace, and counterinformation capabilities. China’s military leaders seek these capabilities in the hope of finding some way of puncturing the U.S.

military's decisive dominance in a crisis or confrontation—for example, in the Taiwan Strait. These Chinese efforts are quite clear—reflected, for example, in the test of an antisatellite interceptor in January 2007. U.S. investments in a prudent hedge should focus on showing China that its efforts will not succeed in shifting the balance.

Preventing and Protecting against WMD Threats

Weapons of mass destruction, meaning mostly nuclear weapons and biological weapons (chemical and radiological weapons' effects being much less dangerous and correspondingly more manageable), in the hands of hostile state or nonstate actors can jeopardize the way of life, if not the survival, of the United States. These weapons are therefore the highest-priority threat to national security. Overall U.S. government efforts must include prevention of the spread of dangerous weapons, protection from them if they do spread, deterrence to discourage their use, and response to minimize damage if they are used.

Prevention is especially important for nuclear weapons, since they require unique materials (highly enriched uranium and plutonium) that can only be made with difficulty. Once these materials are obtained by governments or terrorists, however, the barriers to fabricating and delivering a weapon are much lower. The grave setbacks in prevention suffered by U.S. policy in recent years—allowing North Korea to obtain a nuclear arsenal and failing to slow Iran's nuclear program—have made the nuclear threat today greater than it was just a few years ago. To these disastrous developments must be added instability in nuclear-armed Pakistan and the incomplete security of Russia's nuclear materials.

DoD plays a role in all phases of protection against WMD attack. But once again, it cannot accomplish the entire counter-WMD mission, which requires the contribution of other parts of government. And once again also, the investments DoD needs to make to play its role in this mission are different from those it needs to make for other missions. In the post-Bush era, the Department of Defense will need to take the following steps to make the department's contribution to protection from WMD:

- Fund and support the expansion (in scope and geographic application) of Cooperative Threat Reduction (“Nunn-Lugar”) prevention programs.
- Examine and be prepared to expand the role and funding of the Defense Threat Reduction Agency (DTRA) to serve as a DoD and government-wide center of excellence for countering WMD threats.
- Fund the development and acquisition of a robust suite of nonnuclear counters to the threat or use of WMD against U.S. territory, forces, and allies. While the president will always have nuclear retaliation as a possible U.S. response to WMD use, no president would wish that to be his or her only option. Nonnuclear alternatives include passive defenses like protective suits and vaccines; active defenses, including missile defenses; and counterforce, including nonnuclear strategic strike.

- Formulate realistic responses to a situation in which terrorists obtain a nuclear weapon or detonate one, including holding responsible, as appropriate, the government from which the terrorists obtained the weapon or fissile materials and stepping up to DoD's inevitable lead role in response and cleanup.³
- Review military requirements for the number of accountable deployed and reserve strategic nuclear weapons and tactical nuclear weapons to determine their role in deterrence and reassurance in east Asia, the Middle East, and Europe.

Continuing to Overmatch Possible Adversaries on the Conventional Battlefield

For much of the post-cold war period, the single mission that had the most influence on the size of U.S. forces, and thus the Defense budget, was the requirement to be able to conduct two major regional wars simultaneously. The two wars that planners had in mind were against Kim Jong Il's North Korea and Saddam Hussein's Iraq. The reason to have enough forces to win both wars simultaneously was that if the U.S. military was entirely consumed by fighting North Korea, for example, Saddam Hussein might be emboldened to choose that moment to launch his own war. The two-simultaneous-war construct resulted in an analytically derived number of units of ground, air, and naval forces required in the scenarios and thus in the Defense budget. In reality the two-war requirement never exactly matched available budgets, and the construct was continually amended by both the Clinton and Bush Defense leadership (by conceiving the two wars as overlapping but not strictly simultaneous and by ignoring or trimming the need for postwar occupation and stabilization). But it nevertheless had a powerful influence on where DoD spent its money.

Each of the two wars underpinning Defense planning through the first post-cold war decade has changed dramatically. On the Korean peninsula, South Korea's ground forces have strengthened and North Korea's have weakened, to the point where a large infusion of U.S. ground forces to halt and reverse a North Korean invasion is not needed—naval and air forces and information systems would comprise the distinctive and decisive U.S. contribution to defeating North Korea's armed forces. The unfortunate aftermath of the invasion of Iraq makes clear that planning for territorial wars should take into account the needs for ground forces in the postconflict period for stability. But in a war on the Korean peninsula, South Korea would probably insist that its ground troops be the mainstay of order in the North during the reunification process. The U.S. role in a war on the Korean peninsula would therefore be to contribute airpower, naval power, and information to the combat phase. The capabilities needed to do this have much in common with those needed for the China hedge.

The second of the two major conventional wars of the 1990s planning construct—Saddam Hussein's Iraq—is gone. Its replacement might seem to be Iran. But Iran is more likely to challenge the United States with tactics other than territorial invasion: irregular warfare and terrorism through Hezbollah and certain Palestinian factions, selective efforts to puncture U.S. overall dominance

(e.g., concealment and deception against U.S. attack from the air, jamming of GPS), and nuclear weapons aboard long-range missiles. The military counter to Iran therefore looks more like the previous four missions—respectively, irregular warfare, countering violent extremists, hedging against China, and countering WMD—than like traditional conventional force-on-force warfare.

In view of these fundamental changes in the threats motivating the traditional two-war construct, there is a need for a new construct in this mission area to size it in the context of DoD's overall force and budget planning and investment. As a global power with global interests and unique responsibilities, the United States must maintain the capability to defeat aggression in more than one theater at a time. But the new two-war strategy cannot be based any longer on two particular wars of a conventional sort but on the widest range of possible plausible scenarios.

Conclusion

Given that Defense must be prepared to accomplish all five missions and that resources will be limited, it is essential to devise the smartest and most parsimonious approach to accomplishing each of them. It is also important that everything we buy make a vital contribution to at least one of these missions.

Even under the best of circumstances, the U.S. Department of Defense in the post-Bush era will inherit a Defense program that has not been aligned with the budget; a strategy not matched to resources; a need to restore and reset American influence and effectiveness on the world stage; and threats in Iraq, Afghanistan, North Korea, and Iran that have not been managed or resolved. This daunting inheritance can and will be overcome, but it will take years of strong leadership.

Notes

1. Ashton B. Carter, "The Architecture of Government in the Face of Terrorism," *International Security* 26, no. 3 (Winter 2001/02), pp. 5–23, available at http://www.belfercenter.org/files/carter_winter_01_02.pdf.
2. Ashton B. Carter and William J. Perry, "China on the March," *National Interest*, no. 88 (March–April 2007), pp. 16–22, available at http://www.belfercenter.org/files/carterperry_nationalinterest_marapr2007.pdf.
3. Ashton B. Carter and William J. Perry, "The Day After," *Washington Quarterly* 30, no. 4 (Autumn 2007), pp. 19–32, available at http://www.belfercenter.org/publication/17435/day_after.html?breadcrumb=%2Fproject%2F%2Fpreventive_defense_project.